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Discussion Materials

June 2000

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NHL ICE

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NHL ICE

Section 1

Executive Summary

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NHL ICE**Executive Summary**

History of NHL ICE

- NHL ICE was formed in 1996 as a joint venture between the League and IBM to operate the League's interactive businesses, the most prominent of which is NHL.com
 - NHL.com was launched in 1997
 - IBM's interest was reacquired at the end of 1999
- Since 1996, NHL ICE has had many significant achievements
 - Development of Real Time Scoring System
 - Audio streaming agreement with Yahoo!/Broadcast.com
 - Promotion agreement with ESPN Internet Ventures
 - Production of 8 team sites
 - May 2000 re-launch with introduction of new content, functionality and technology
- In addition, NHL.com has become the leading hockey site on the Internet
 - Site offers multiple content and community features, drawing a rapidly-growing sports and hockey focused audience
 - By the end of the 2000 season, traffic had grown dramatically to 257,000+ average daily visits, which generate approximately 30MM page views per month
- By developing NHL ICE in-house, the League has been able to develop a critical mass of operating knowledge and experience, and is poised to take NHL ICE to the next level
 - In contrast, other sports leagues that have outsourced their Internet operations (e.g., NFL/NBA to ESPN; MLB to Sportsline) are actively trying to acquire/develop in-house resources and expertise

Internet: The Opportunity

- The Internet is rapidly transforming our economy, and it is critically important that the League and the teams position themselves to capitalize on this opportunity
- The adoption of the Internet has occurred at a faster rate than any other form of media
 - It took the Internet 5 years to reach 50 million users (vs. 10 years for cable, 13 years for TV and 38 years for radio), and by 2004 there are expected to be over 135 million domestic users
 - In 1999, the Internet surpassed consumer magazines in terms of consumer media consumption (and is projected to surpass newspapers in 2002)
- Internet advertising is projected to grow rapidly, from \$2.8 billion in 1999 to \$22.2 billion in 2004 (51% CAGR)
 - Interactivity and the ability to deliver a targeted message to a targeted audience make the Internet an extremely powerful marketing tool
- E-commerce is also exploding across all areas of retail
 - For example, tickets and sporting goods are projected to reach \$3.9 billion and \$4.2 billion, respectively, in 2004
- For sports, the rollout of broadband represents a fundamentally transforming event
 - The ability to view live games from multiple camera angles, access enormous video archives and conduct commerce real-time through “hot” video displays will change the way sports are consumed
 - Substantial subscription revenue streams will also be developed

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NHL ICE**Executive Summary**

The Proposed Internet Strategy

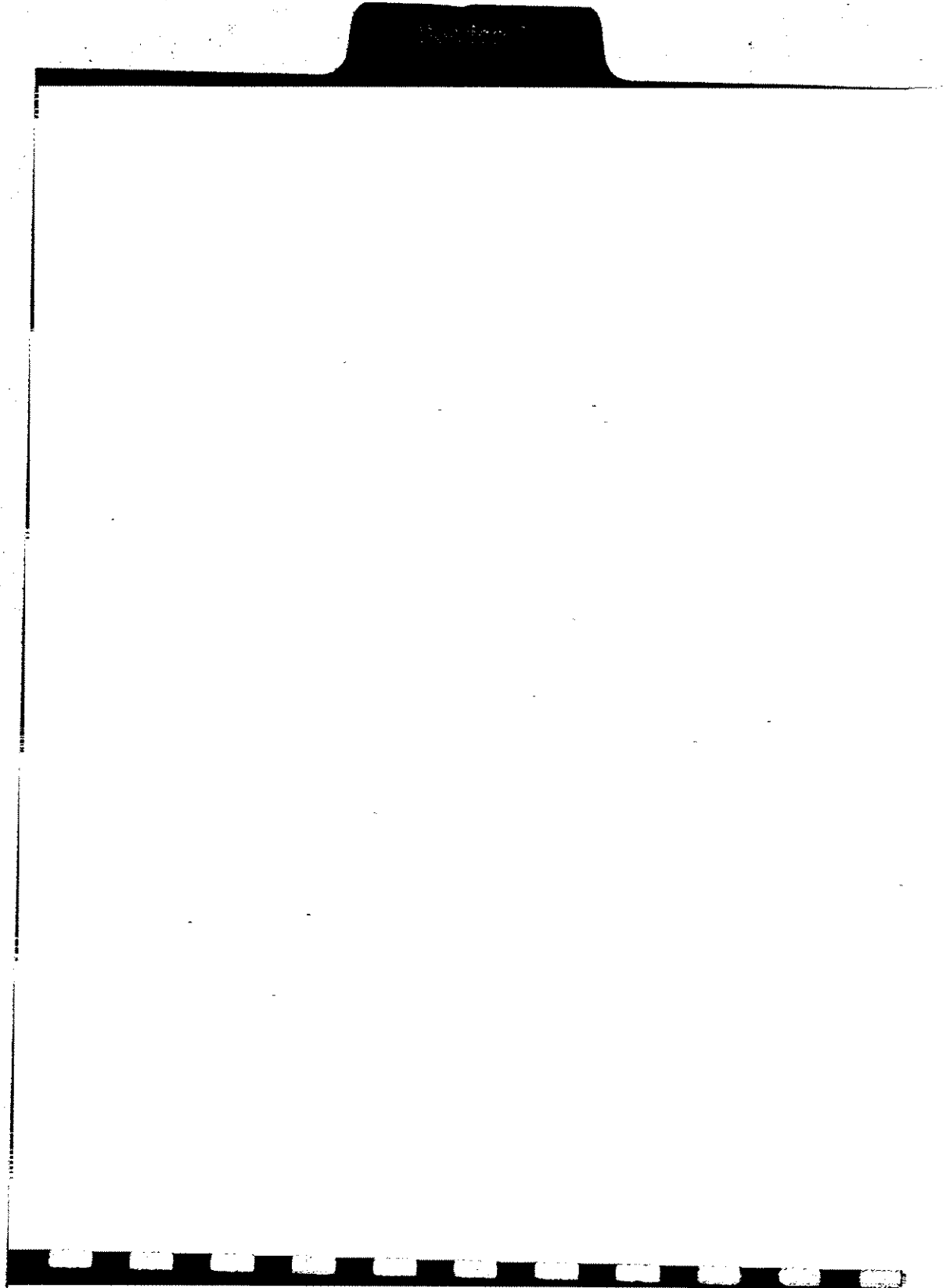
- The intention is to position the League and its teams to capitalize on the opportunities presented by emerging technologies
- The underlying principles and considerations include:
 - Maximizing the value of the League's and the teams' Internet operations through increased traffic and revenue opportunities
 - Maximizing the ability of the teams to connect locally with their fans and advertisers
 - Value optimization, through an increase in the fundamental value of the League and team Internet operations and/or an IPO of NHL ICE
 - Positioning the League to fully exploit its broadcasting and Internet rights in future years
 - Preserving the ability to monetize Internet operations through an IPO, if appropriate
- The Internet Task Force has recommended a "hybrid" business model for the future development of NHL ICE
 - Similar to a broadcasting network/affiliate model, certain elements of the team sites will be made available to NHL.com for national sponsorship, advertising and promotional opportunities
 - Other advertising revenue will stay at the team level
 - Certain other opportunities can also be freely exploited by the teams, with revenue remaining at the team level
- We believe that the hybrid model will create a coordinated and comprehensive League/team presence that establishes a valuable national media presence, while empowering and creating incentives for the teams to successfully interact with their fans
- Morgan Stanley has been retained to help the League analyze how to maximize the value of the NHL's interactive assets

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NHL ICE**Executive Summary**

What is Required

- Establish the infrastructure necessary to build and enhance the NHL network of sites
 - Funding will be needed for: hardware, software, tools, and operating and working capital
- Potential sources of funding include broad strategic partnerships, venture capital, funding by franchises through League assessment or out of League operations, or a combination of one or more of these sources
- Over a three year period, we estimate the total cost of developing and operating this network to be between \$30MM and \$50MM
- In addition, the League will establish guidelines with respect to minimum content and technology requirements for the team sites



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Section 2

Internet Overview

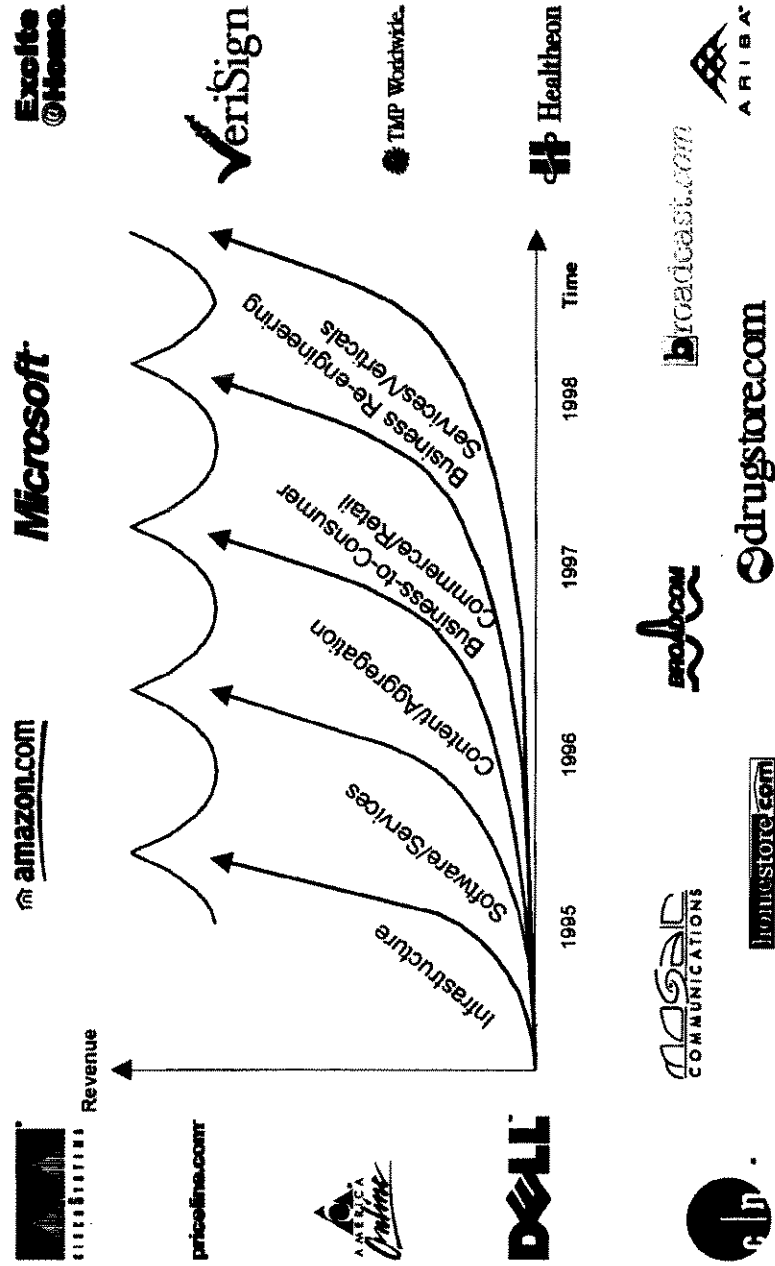
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Internet Overview

The Development of the Internet Has Occurred in Stages

- The evolution of the Internet has occurred in distinctive phases, with individual leaders emerging in each phase
- Today, the market has converged and in a sense even returned to the beginning of the map

Path of Growth/Digestion/Growth (New Phases/Segments Drive New Growth)



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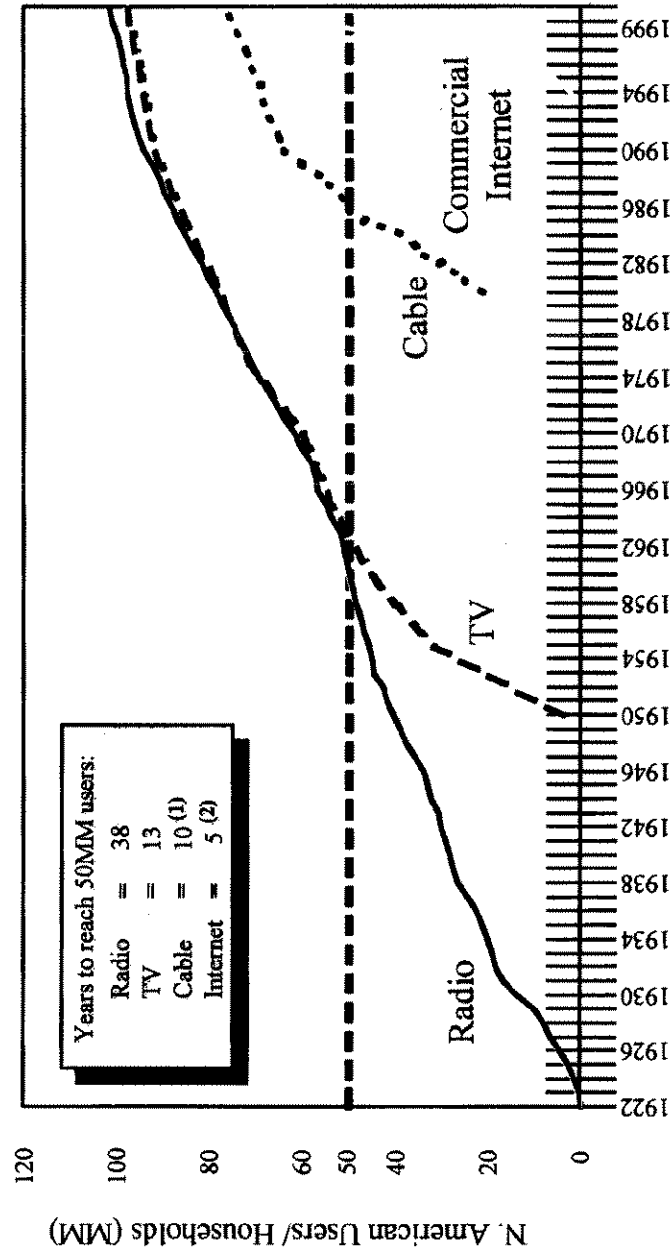
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Internet Overview

Internet as a Mass Medium

- Adoption of the Internet has occurred at a faster rate than any other form of media

North American Adoption Curves for Various Media



Source: Morgan Stanley Technology Research.

Notes: (1) We use the launch of HBO in 1978 as our estimate for the beginning of cable as an entertainment/advertising medium. Though cable technology was developed in the late 1940's, its initial use was primarily for the improvement of reception in remote areas. It was not until HBO began to distribute its pay-TV movie service via satellite in 1976 that the medium became a distinct content and advertising alternative to broadcast television.

(2) Morgan Stanley Research Estimate.

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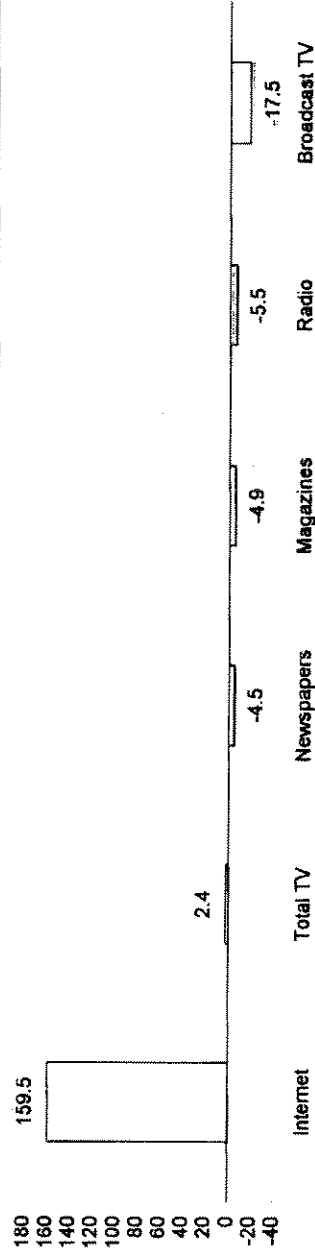
Internet Overview

The Growth of Internet Consumption

- Internet surpassed consumer magazines in 1999, and is projected to surpass newspapers in 2002, in terms of consumer media consumption

Average Annual Media Consumption per Person in U.S.

% Change in Total Consumption Hours ('98-'03)



| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | '98-'03 Change % |
|----------------------|-------|-------|-------|-------|-------|-------|------------------|
| Total Television | 1,573 | 1,579 | 1,591 | 1,595 | 1,605 | 1,610 | 2.4 |
| Radio | 1,050 | 1,037 | 1,024 | 1,014 | 1,003 | 992 | (5.5) |
| Broadcast Television | 884 | 840 | 805 | 773 | 751 | 729 | (17.5) |
| Internet | 74 | 97 | 122 | 146 | 168 | 192 | 159.5 |
| Daily Newspapers | 156 | 154 | 152 | 151 | 150 | 149 | (4.5) |
| Consumer Magazines | 82 | 81 | 80 | 79 | 79 | 78 | (4.9) |

Source: Veronis Suhler, 1998

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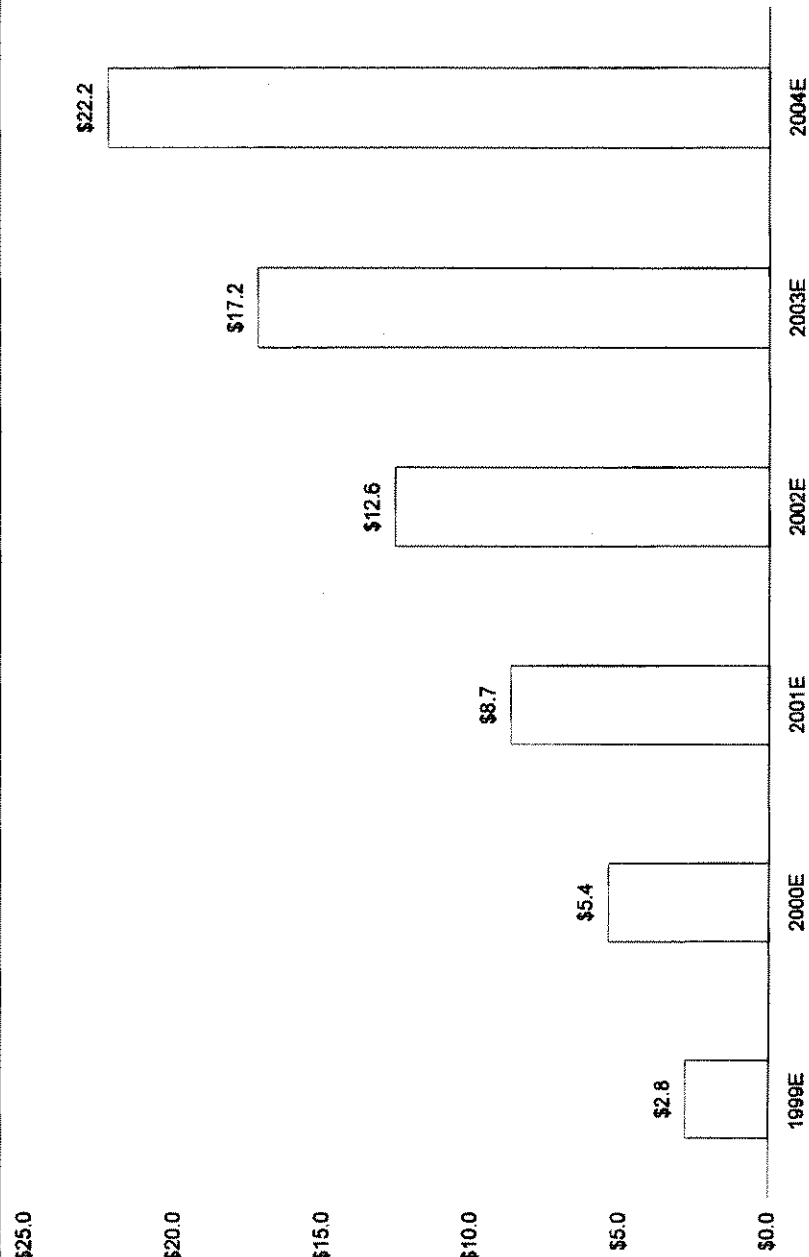
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Internet Overview

Huge Advertising Market Opportunity

- Internet advertising is projected to grow rapidly, from an estimated \$2.8Bn in 1999 to \$22.2Bn in 2004 (51% CAGR)
- The interactivity of the Internet combined with the ability to deliver targeted messages to an audience with specific demographics and interests make the Internet an extremely powerful marketing tool
- Advertising has evolved, with the standard banner ad being replaced by higher CPM sponsorships and anchor tenancies
- In addition, rich media advertising will continue to develop into an attractive, high CPM marketing tool

Projected Internet Advertising Market
\$Bn



Source: Forrester Research

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- The ability to conduct commerce immediately and in connection with either an entertainment experience or an advertising exposure makes the Internet a powerful retailing tool
- The ability to collect, track, analyze, and market to specific consumer behavior / buying patterns is also a critical factor for online retailing

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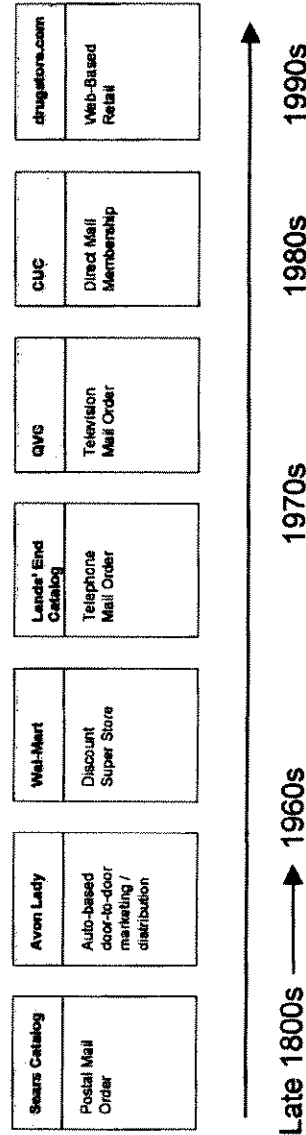
Internet Overview

Huge E-Commerce Market Opportunity

Creation of New Distribution Channels Offers Opportunities for Retailers

- The Internet represents the potential creation of the greatest, most efficient distribution vehicle in history. E-mail addresses will rival phone numbers
- Changes in the distribution of goods and services create substantial business opportunities for deft companies

Multiplication of Retail's Distribution Channels



Source: Morgan Stanley Equity Research

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Internet Overview

E-Commerce Growth

- The growth in e-commerce affects virtually all areas of retail

Selected Online Retail Growth by Segment

| | 1999E \$ | 2004E \$ | CAGR '99 - '04 % |
|-----------------------|--------------|---------------|------------------------|
| Accessories | 438 | 3,527 | 52 |
| Books | 1,202 | 3,279 | 22 |
| Event tickets | 300 | 3,929 | 67 |
| Footwear | 121 | 1,085 | 55 |
| General Apparel | 1,061 | 22,516 | 84 |
| Sporting Goods | 165 | 4,220 | 91 |
| Toys & Video Games | 253 | 3,663 | 71 |
| Videos | 326 | 1,743 | 40 |
| Health & Beauty | 509 | 10,335 | 83 |
| Total | 4,375 | 54,297 | 65 |

Source Jupiter Communications

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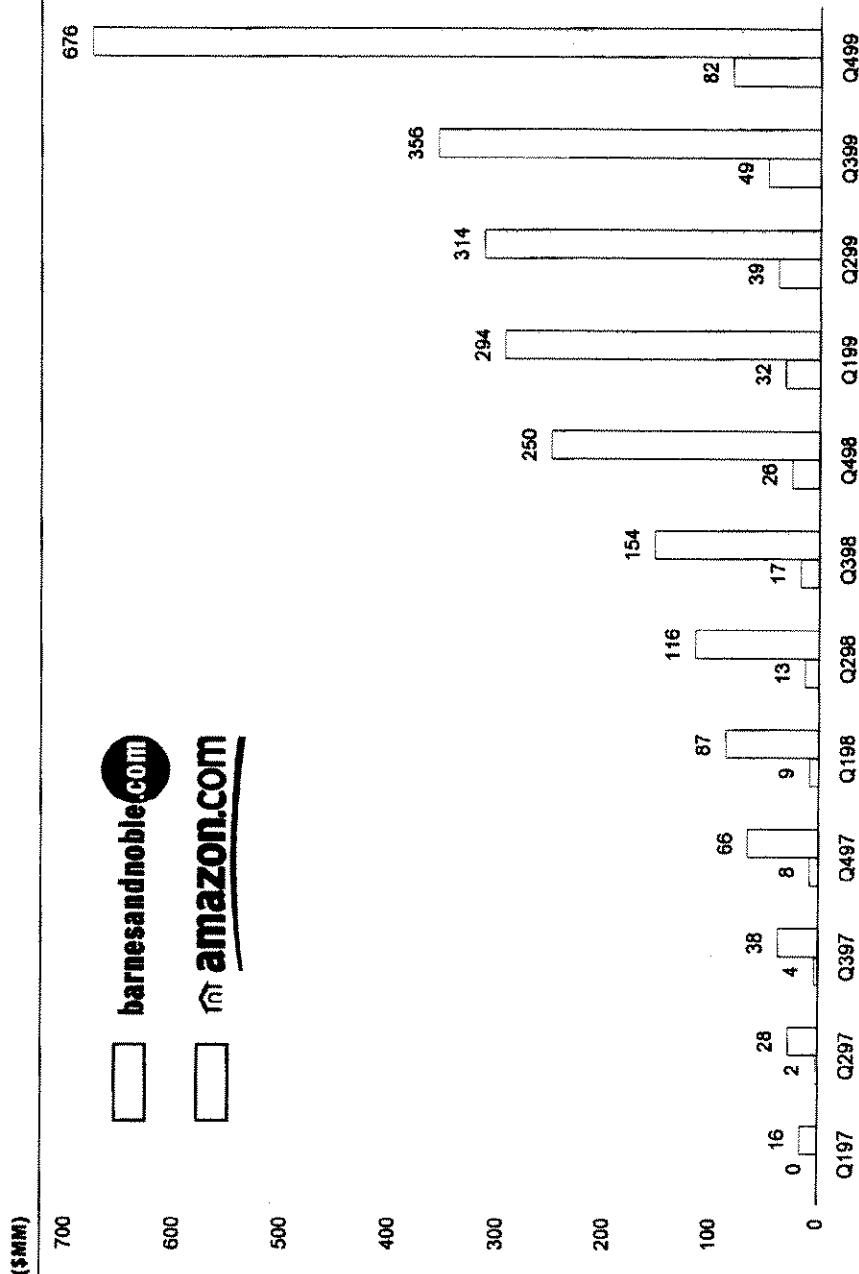
Internet Overview

The Power of First Mover Advantage

- To be "Amazoned":
I'am - ,zäänd\ adj 1 When the Internet decimates a traditional business model
- Steve Riggio, bn.com,
On the importance of first mover...
"This business has evolved rapidly and to a point that we did not see three years ago... Clearly, we thought there was going to be room for us and Amazon."
- On the importance of focus...
"I was a part-time executive. I was running two companies at the same time."

Source: Wired, June 1999

Don't Get "Amazoned" - It's Now a Verb!



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Internet Overview

Selected Public Internet Companies

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| Sports Verticals |
|---------------------------------|
| Quokka Sports Sportsline.com |

| Content Leaders |
|---|
| c/net Healthcon/WebMD Marketwatch NBCi |

| Content Aggregators |
|--|
| AOL Excite@Home Lycos Microsoft Yahoo! |

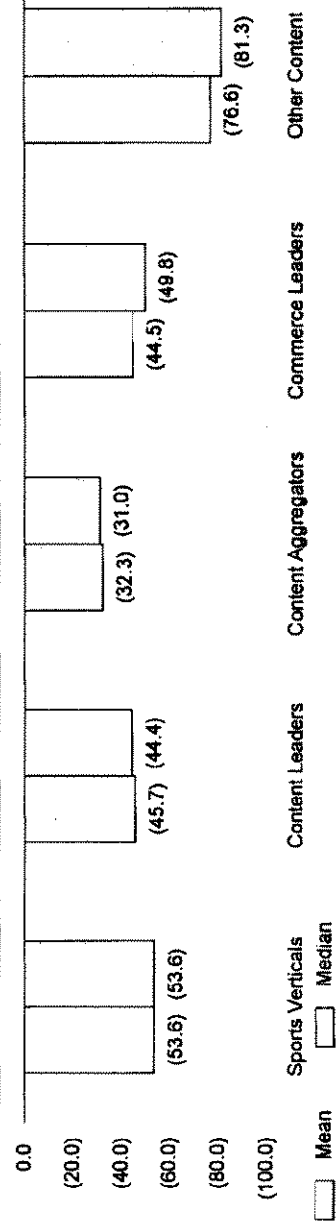
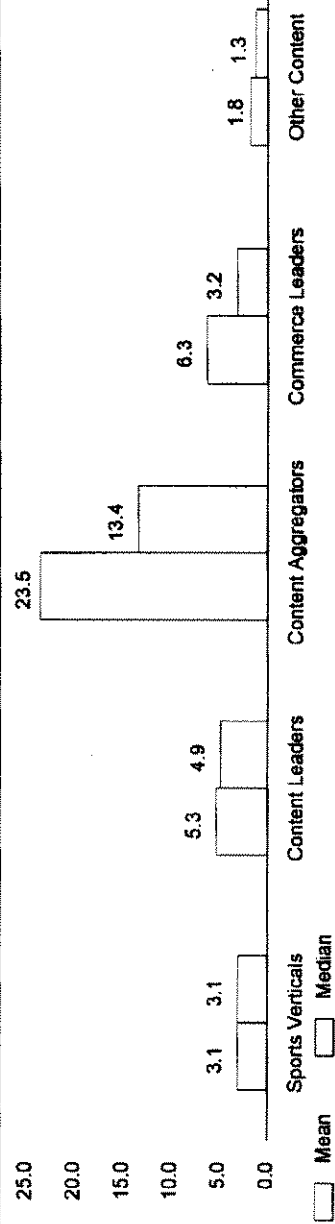
| Other Content |
|---|
| Alloy ARTISTdirect DrKoop.com Iturf iVillage Launch Media Liquid Audio mp3.com theStreet.com women.com |

| Commerce Leaders |
|--|
| Amazon.com barnes&noble.com Drugstore.com eBay EToys Homestore.com Priceline.com Webvan |

NHL ICE**Internet Overview****Trading Statistics of Selected Internet Companies**

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- Internet valuations have declined significantly since the beginning of the year

Change in Share Price from 1/1/00⁽¹⁾**%****Aggregate Value/2001E Sales**

Note
1. As of 6/1/200

410028



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Section 3

Sports and the Internet

Overview

- Sports-themed offerings have an enormous presence on the Web
- The development of sports-related sites mirrored the focus on content verticals in the Internet
 - Verticals effectively attract users with focused content
 - Allow efficient targeting of niche demographic groups
- A variety of sport sites have developed
 - Broad sites covering a wide variety of sports and sports-related topics
 - Sites devoted to specific sports leagues
 - Sites devoted to individual teams
 - E-commerce focused sites
- Technology has the potential to change the way that sports are consumed
 - Streaming audio/video
 - Incorporation of additional features with traditional broadcast content
- Sports leagues and franchises originally viewed the Internet as a promotional rather than a commercial opportunity
 - This view, however, is changing

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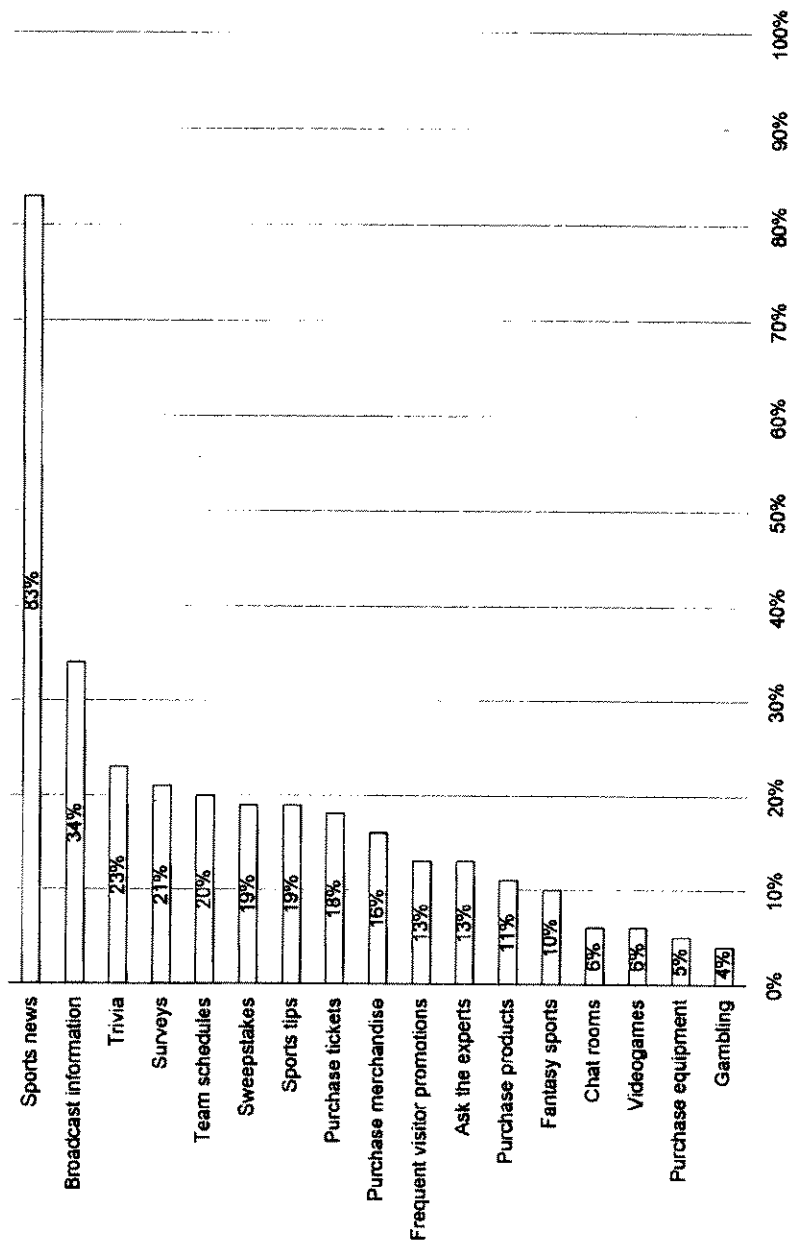
- News and content drive traffic to sports sites
- Downloads/streaming can also drive heavy traffic
 - For example, during the 1999/2000 NHL season, there were more than 6MM “listens” to streamed audio broadcasts of NHL games and other audio shows

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Sports and the Internet

Activity at Sports Sites

Reasons Fans Visit Sports Sites



Source: Harris Sports Poll

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Sports and the Internet

Activity at NHL.com

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Reasons Fans Visit NHL.com

| | Die-hard | Avid | Casual | Championship ⁽¹⁾ | Non-fan | Anti-fan |
|-----------------------------|----------|------|--------|-----------------------------|---------|----------|
| Sports news | 47% | 43% | 41% | 45% | 42% | 36% |
| Team schedules | 39% | 31% | 32% | 35% | 33% | 30% |
| Live sports coverage | 21% | 13% | 17% | 18% | 15% | 16% |
| Broadcast information | 24% | 20% | 22% | 23% | 21% | 19% |
| Trivia | 16% | 15% | 13% | 12% | 11% | 10% |
| Customized live coverage | 13% | 8% | 10% | 9% | 8% | 9% |
| Sports tips | 12% | 9% | 9% | 11% | 9% | 7% |
| Purchasing tickets | 12% | 10% | 10% | 9% | 8% | 7% |
| Surveys | 13% | 10% | 9% | 9% | 9% | 9% |
| Ask the experts | 10% | 6% | 7% | 6% | 5% | 7% |
| Sweepstakes | 9% | 7% | 8% | 7% | 8% | 7% |
| Fantasy sports | 7% | 5% | 5% | 5% | 4% | 2% |
| Purchasing merchandise | 12% | 8% | 8% | 6% | 8% | 6% |
| Frequent visitor promotions | 7% | 6% | 5% | 5% | 4% | 4% |
| Chat rooms | 4% | 3% | 3% | 2% | 2% | 3% |
| Purchasing equipment | 4% | 2% | 3% | 2% | 2% | 3% |
| Video games | 2% | 2% | 2% | 1% | 2% | 2% |
| Gambling | 1% | 1% | 1% | 1% | 1% | 2% |

Source Harris Sports Poll

Note

1. Fans who follow playoffs/championship games but not the regular season

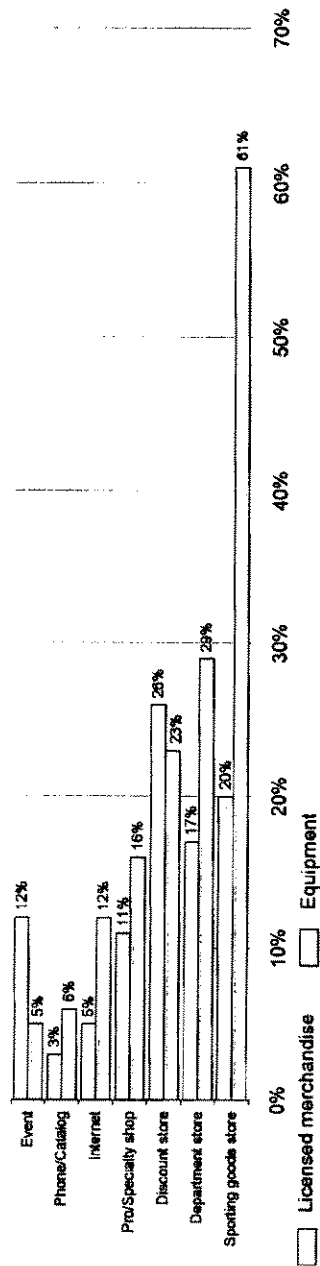
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Sports and the Internet

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Sports E-Commerce

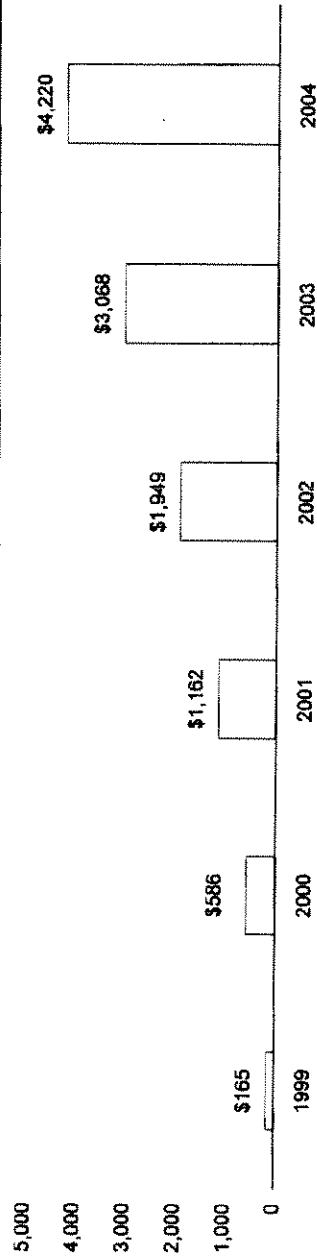
- Sports-related e-commerce is expected to grow dramatically, from \$165MM in 1999 to \$4.2Bn in 2004 (CAGR = 91%)

Where Sports Items Are Purchased

Source: Harris Sports Poll

U.S. Online Retail Forecast for Sporting Goods

\$MM



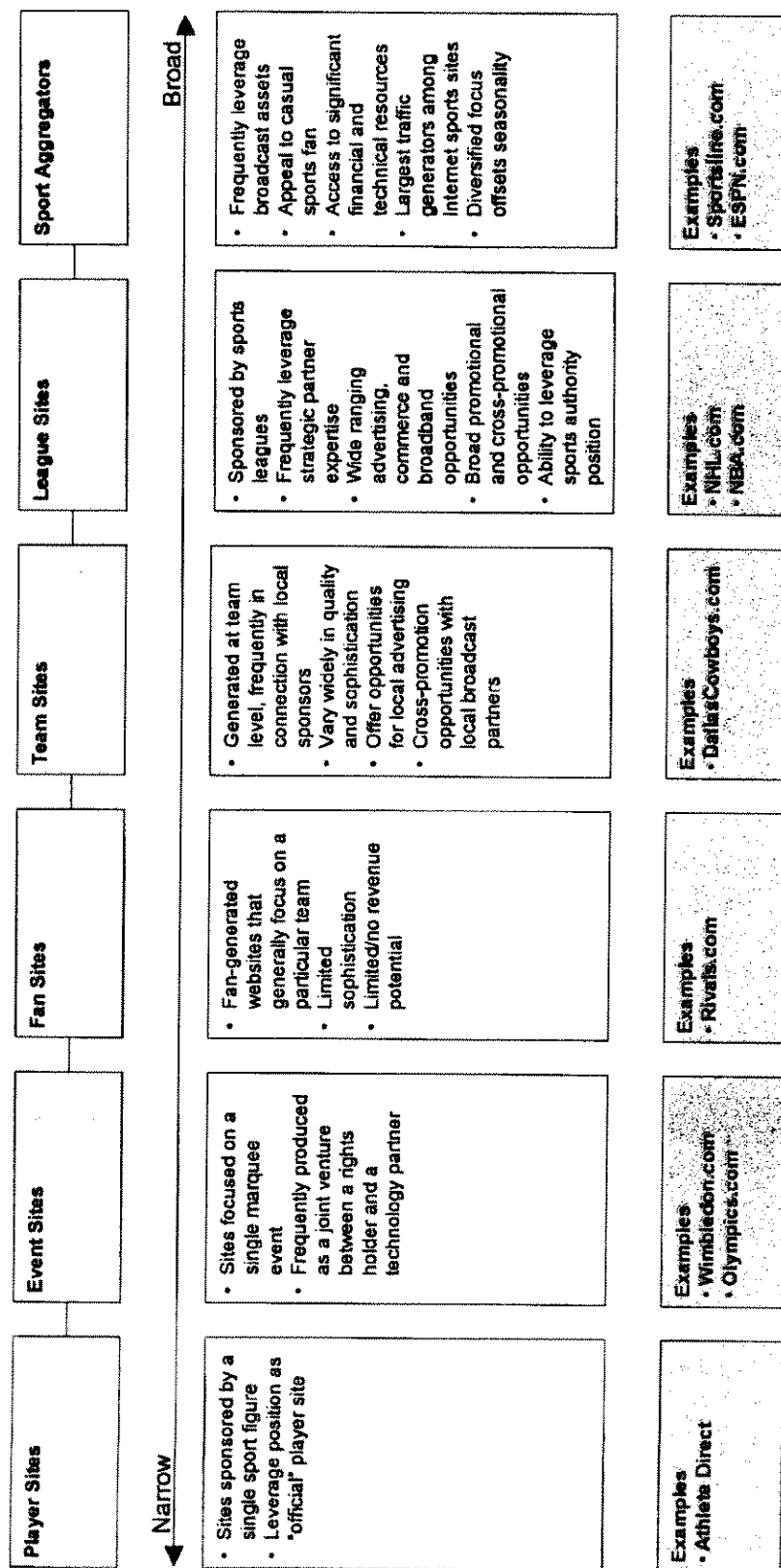
Source: Forrester Research

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Sports and the Internet

Sports Environment

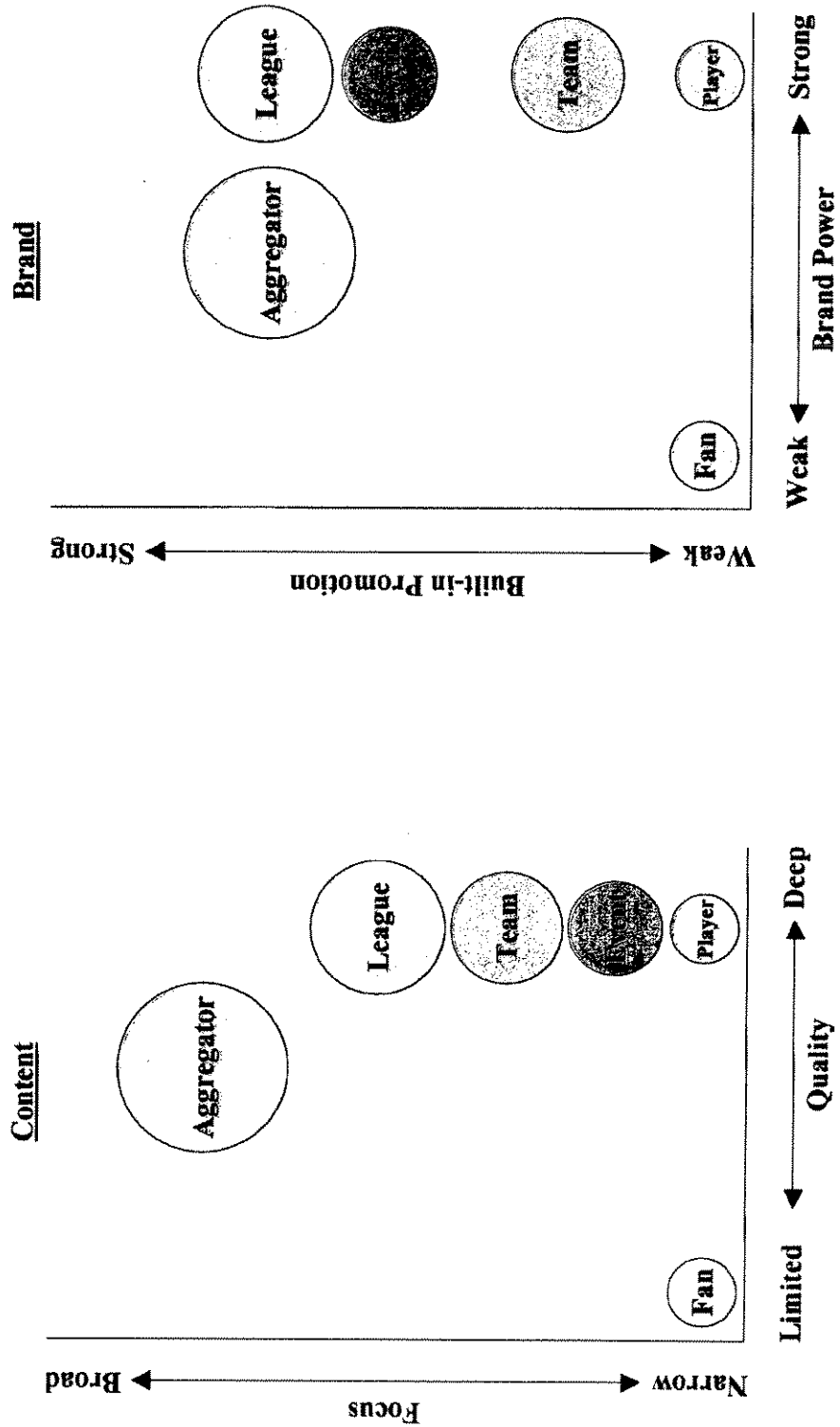


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Sports and the Internet

Environment Overview

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- AOL and broadcaster-sponsored sports aggregators have captured the most traffic
- League-affiliated sites have also generated substantial traffic (although league sites are more severely affected by seasonality)
- Media Metrix's sampling methodology is incomplete as it excludes several key categories of users (including Canadian and other Non-U.S. traffic, which accounts for 35-40% of NHL.com's overall traffic)

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Sports and the Internet**Top Internet Sports Sites**

| Rank | Site | Unique Visitors (MM) |
|------|-----------------------------------|----------------------|
| 1 | AOL Sports Channel | 9,483* |
| 2 | ESPN sites | 7,711 |
| 3 | Sportline sites | 5,745 |
| 4 | CNNsi.com | 2,506 |
| 5 | Nascar.com | 1,607 |
| 6 | Majorleaguebaseball.com | 1,606 |
| 7 | NBA.com (includes all team sites) | 1,439 |
| 8 | Sandbox.com | 1,148 |
| 9 | NFL.com | 1,054 |
| 10 | Fox Sports sites | 954 |
| 11 | Total Sports | 732 |
| 12 | Broadband Sports sites | 668 |
| 13 | Sportingnews.com | 641 |
| 14 | NHL.com | 579 |
| 15 | Fansonly.com | 571 |
| 16 | Rivals.com | 552 |
| 17 | PGATour.com | 526 |
| 18 | Global Sports Network | 398 |
| 19 | TodaysSports.com | 236 |

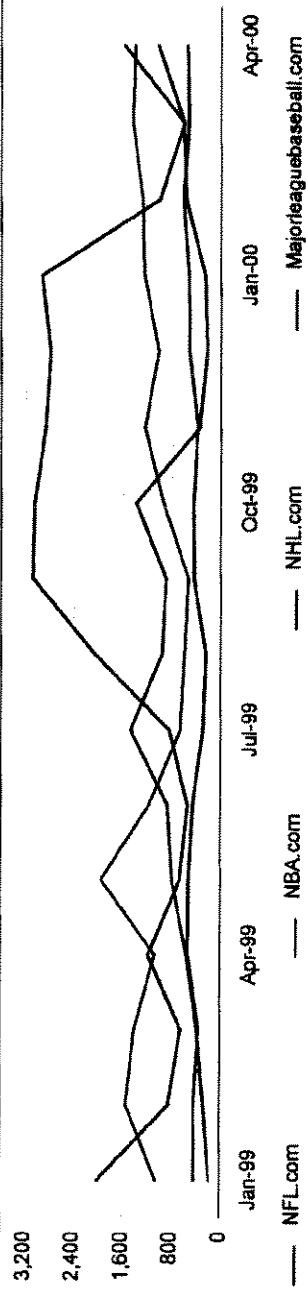
Source: Media Metrix (April 2000)

* April data unavailable; in February, AOL Sports Channel posted 9.4MM unique visitors

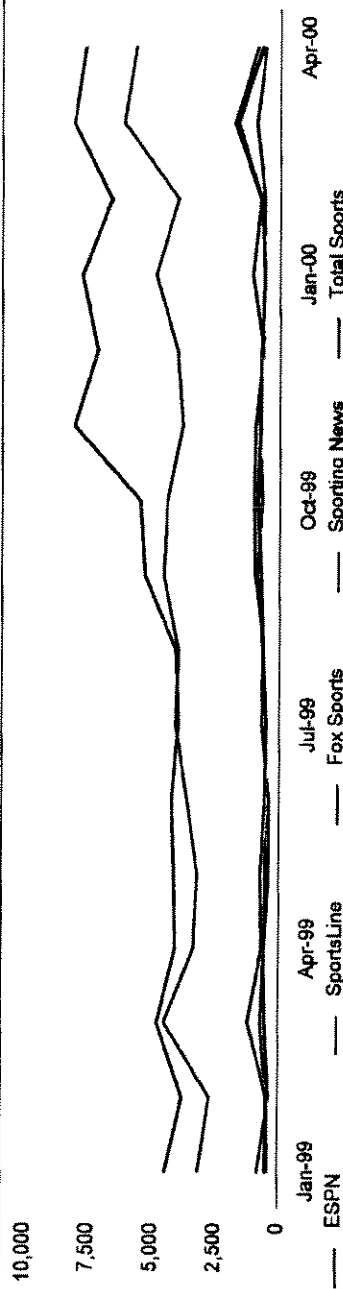
NHL ICE**Sports and the Internet****Traffic Data for Selected Sites**

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- League sites are generally impacted by seasonality

**Unique Visitors
Selected League Sites**

- ESPN and Sportsline have continued to grow rapidly, establishing sizable Internet presences

**Unique Visitors
Selected Sports Aggregators**

- Less-trafficked sites are experiencing significant growth as well

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- Broadcasters have leveraged their strong positions in sports to create sports portals

Sports and the Internet**Broadcasters and Online Sports**

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Disney (ABC/ESPN)

- Both ABCSports.com and ESPN.com are promoted through Disney's Go Network
 - ESPN.com serves as general sports portal
 - ABCSports.com leverages ABC Sports programming
- ESPN Internet Group has produced the official league sites for the NFL, NBA and NASCAR

FOX

- Foxsports.com is primary News Corp/Fox online sports vehicle
- Provides sports content for Alta Vista
- Provides content to Sprint for their wireless Internet/PCS service
- 18 regional sites incorporate FOX Sports Net's coverage of local sports news and teams

CBS

- CBS Sportsline serves as the primary CBS sports vehicle
- Produces official league site for MLB, PGA and NFL-Europe
- Serves as primary sports content provider for AOL and Excite
- Launched European operations through Sports.com
- IPO in 1997; 1Q2000 revenue of \$23MM (vs. \$11MM in 1Q1999)

NBC

- Partnership with Microsoft and NBC
- Focuses on sports carried by NBC (limited coverage for other sports)
- Completed a deal with Quokka for web coverage of the 2000 Summer Olympics
- MSNBC focus has leaned more heavily towards general news and information coverage (instead of sports)

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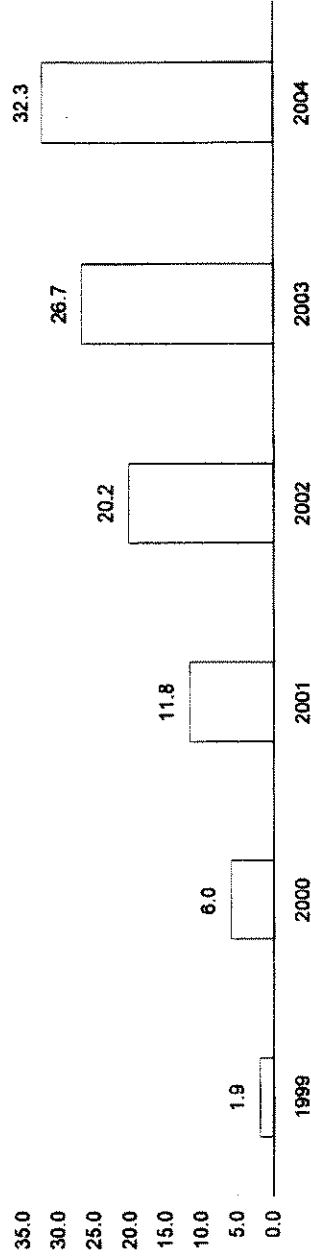
- Exploitation of emerging broadband technologies (i.e. high speed data transmission) is seen as the "holy grail" of online sports
- Broadband access, which is expected to grow dramatically, will change the way that sports are consumed
- Streaming activity, which is primarily focused on audio today, will migrate to video

Sports and the Internet**Broadband**

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Broadband Subscriber Growth (MM)

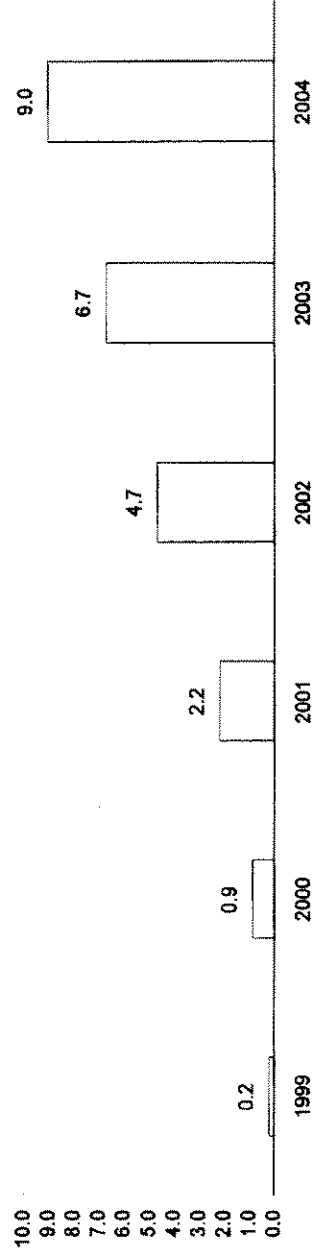
CAGR: 76%



Source: Paul Kagan research

Streaming Revenue Growth (\$Bn revenue)

CAGR: 110%



Source: Paul Kagan research

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Section 4





























































Internet Presence of Sports Leagues

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Internet Presence of Sports Leagues**League Site Feature Comparison**

- League sites offer a variety of content and commerce opportunities

| |  |  |  |  |
|-------------------------------------|---|---|---|---|
| Links to All Teams |  |  |  |  |
| League Programs Official Team Sites | - | - | - | - |
| Content | | | | |
| News |  |  |  |  |
| Stats |  |  |  |  |
| Video Highlights |  |  |  |  |
| e-Commerce | | | | |
| Merchandise |  |  |  |  |
| Auctions |  |  |  |  |
| Ticketing |  |  |  |  |
| Community | | | | |
| Coach/Player Chat |  |  |  |  |
| Kids Area |  |  |  |  |
| Message Boards/Fan Chat |  |  |  |  |
| Other | | | | |
| Advertising |  |  |  |  |
| Sponsorship |  |  |  |  |
| Premium Service (Fee) |  |  |  |  |
| Fantasy Games |  |  |  |  |
| Affiliation | | | | |
| Media Matrix (4/00) | | | | |
| Unique Visitors | 579 | 1,054 | 1,439 | 1,606 |
| Reach | 0.8 | 1.4 | 1.9 | 2.1 |
| Page Views/Visitor/Day | 3.8 | 3.2 | 4.7 | 4.8 |
| Avg. Minutes/Day | 4.8 | 3.3 | 6.8 | 5.2 |

Notes

1. Hosted by Sportsrocket.com and Auctions.com
2. Hosted by Amazon auctions
3. Tickets offered on selected team sites
4. Tickets are offered through Ticketmaster relationship
5. NHL Plus
6. Hosted by ESPN

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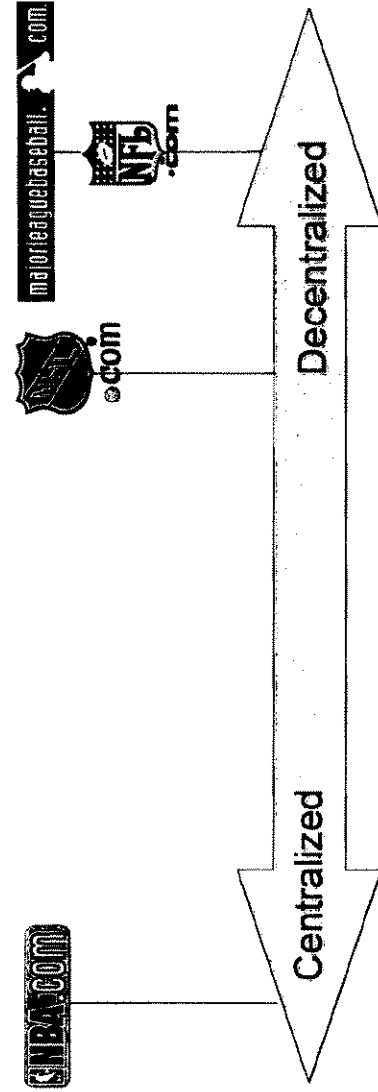
Internet Presence of Sports Leagues

Sports Leagues

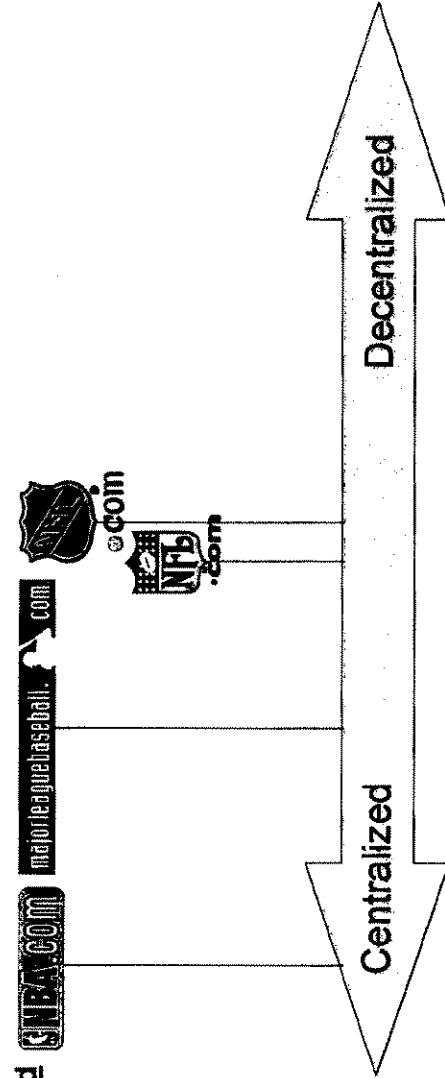
- All of the leagues plan to move to a range of more centralized alternatives

Overview of League Models

Current



Proposed



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- Whereas the centralized model allows for the greatest league control, incentives for individual teams are greatest in a decentralized model
- A hybrid model could allow for the greatest balance between control and incentives, and allow teams to do more business directly with their fan bases

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Internet Presence of Sports Leagues

Sports Leagues (cont'd)

| League Models | | Centralized ← | → Decentralized |
|-----------------|--|--|---|
| Characteristics | | <ul style="list-style-type: none"> • League site and team sites produced/controlled by league • All revenue shared equally by teams • Coordinated web presence through consistent site standards and quality assurance • League able to sell national advertising packages • Revenue sharing helps address market economics differentials • Ability to fully leverage a shared technology platform • Centralized entity potentially offers best positioning for IPO | <ul style="list-style-type: none"> • Team sites primarily produced/controlled locally subject to league standards and guidelines • Significant revenue retained at team level • Certain minimum standards regarding site content/quality are maintained • Provides incentives for teams to innovate and generate local revenue and capitalize on their local market expertise • Allows league to offer national advertising packages • Improvement in economic allocation among teams is achieved • Operating leverage is realized • Preserves ability to launch an IPO |
| Pros | | | <ul style="list-style-type: none"> • Creates incentives for team creativity and innovation • Motivates teams to build local revenue streams • Allows teams to leverage their local market expertise to connect with fans • Teams able to maximize online ticketing opportunities |
| Cons | | <ul style="list-style-type: none"> • Limited incentives for team innovation • Limited incentives for building local revenues • Teams unable to leverage local market expertise • Ticketing opportunity unavailable to teams | <ul style="list-style-type: none"> • No minimum standards or coordinated web presence • No ability to sell national advertising packages • Disparity in market economics is not addressed • Limited operating synergies • Limits feasibility of an IPO |

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NHL ICE**Internet Presence of Sports Leagues****Sports Leagues (cont'd)**

- Sports leagues have taken a variety of approaches to the Internet

NHL (current)

- League sponsored site with independent team sites
- Launched in 1996 via league partnership with IBM
 - IBM stake reacquired in 1999
 - NHL.com site production carried out by the league
 - Promotion arrangement with ESPN.com
- Technology
 - Limited shared technology between league and teams
- Advertising
 - NHL.com advertising/sponsorships sold by the league; revenue kept by NHL.com
 - Team sites sell local advertising/sponsorships independently, each team keeps 100% of locally-generated ad revenue
 - Conflicts with league offline and/or online sponsorship arrangements preempt team-level agreements
- E-commerce
 - All merchandise e-commerce must be conducted through league-store and conducted on NHL.com
 - Ticket sales handled individually by the teams

NFL

- League sponsored site with independent team sites
- Launched in 1995
 - Production outsourced to ESPN Internet Ventures
- Announced restructuring of online operations in March 2000
- Proposed technology
 - Each team can develop its own sites, subject to content/design guidelines and a 2 year limit on deal term
- Proposed advertising economics
 - League has ability to sell advertising/sponsorships across league and all team sites (revenue will be shared equally among teams)
 - Teams will be able to sell and keep local advertising revenue
- Proposed e-commerce economics
 - Some mechanisms for conducting e-commerce at the team level will likely be implemented
- Proposed streaming presence
 - Radio broadcasts will be available from the outset at both team and league sites
 - Anticipates webcasting of live and archived games over league site

NHL ICE

- Sports leagues have taken a variety of approaches to the Internet

Internet Presence of Sports Leagues**Sports Leagues (cont'd)**

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NBA

- League site only; no independent team sites
- Launched in 1995
 - Production outsourced to ESPN Internet Ventures
- Advertising
 - All advertising sales handled at league level
 - All advertising revenue allocated equally among teams
- E-commerce
 - Working with IBM and USA Networks on a revamped e-commerce presence
- Convergence
 - NBA.com TV launched in 1999 as convergence play
 - Combines 24-hour cable programming with NBA.com statistics, news, etc.
 - Available to digital cable subscribers and through DirecTV

Majorleaguebaseball

- League sponsored site with independent team sites
- Launched in 1995
 - Production outsourced to Sportsline
- Announced restructuring of online operations in March 2000
 - Owners assigned all Internet rights to the league
- Proposed technology
 - Coordinated technology effort through one or more technology partners likely
- Proposed advertising economics
 - Coordinated advertising sales across league and team sites will probably be addressed at the league level
 - Limited/no revenue allocation to individual teams
- Proposed e-commerce economics
 - Coordinated e-commerce strategy at league level probable
 - Limited/no local e-commerce opportunities for teams (possible exception: tickets)

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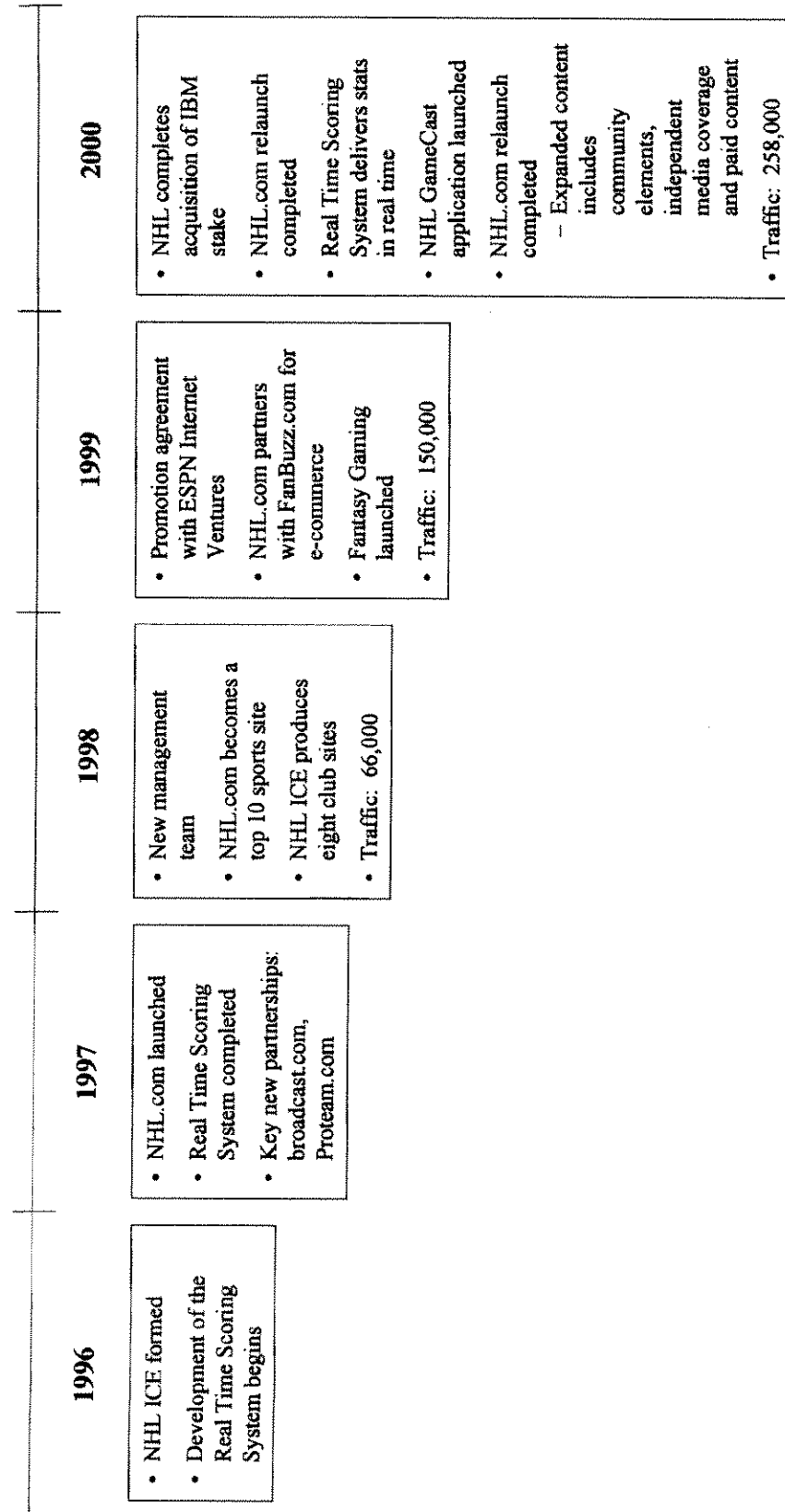
NHL ICE

Section 5

Strategic Plan for NHL ICE

NHL ICE

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Strategic Plan for NHL ICE**NHL.com History**

Note: Traffic statistics reflect average daily visits during the regular season

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NHL ICE

Strategic Plan for NHL ICE

Overview of Opportunity

- We believe that the creation of a scalable and competitive integrated NHL Internet network - the ultimate global hockey portal - will provide the League and teams with the best short- and long-term Internet solution
- For both strategic and tactical reasons, a hybrid business model for this network is the optimal model for the NHL and the teams. A hybrid model will provide:
 - The creation of a network of critical mass which can be competitive in a very diverse marketplace
 - Enabling the teams to “do business” with their fans in their markets
 - Significant hands-on involvement from the diverse talent pool throughout the League
 - Enhanced revenue-generating opportunities, particularly the valuable national and “local” advertising platforms that will be created
 - Operating leverage through certain shared resources and technology platforms
 - The opportunity to grow the overall business more rapidly
 - The preservation of a value realization event through a potential IPO of the aggregated entity
- In short, the hybrid model will allow all parties within the League to play to their respective strengths:
 - Teams can use their knowledge of their fan bases and creativity to customize team-specific content and community features, and subsequently sell their individual sites more effectively
 - The League will be in a better position to maximize the growth of key revenue streams (national advertising and sponsorships, e-commerce, subscription services, fantasy gaming, auctions, etc.) and aggressively pursue and recommend new media opportunities, particularly in the area of broadband and wireless, as they arise
 - Provide a structure for convergence and, ultimately, “broadcast” of games on the Internet, if appropriate

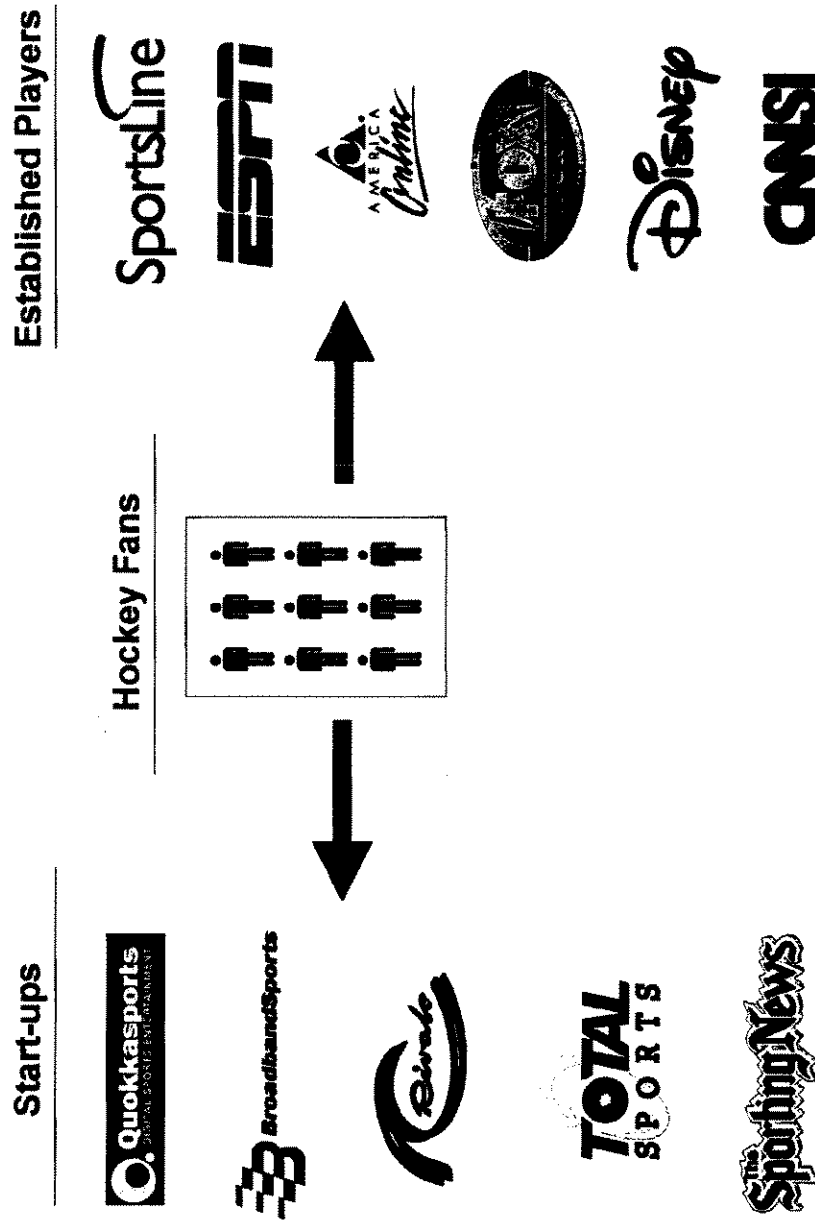
NHL ICE

Strategic Plan for NHL ICE

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Competition

- The Internet has opened the floodgates of competition for sports and hockey fans
 - Barriers to entry are extremely low
 - Creative, targeted content is widely deployed
- Many competitors are extremely well-capitalized and/or backed by substantial offline assets (e.g., broadcast) that allow cheap and extensive promotion of online operations
- In addition, numerous highly aggressive start-ups are making enormous bets trying to capture an audience (and are willing to lose substantial amounts of money over the next 1-3 years in the process)
- Maintaining a leadership position is critical for the NHL – if it is lost, it will be very difficult to recapture



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NHL ICE

Strategic Plan for NHL ICE

Digital Rights Management

- The digitization of content presents numerous risks, as well as incredible opportunities
- Ensuring that the proper technology and resources are deployed to protect the League's digital content is critical
 - Piracy and other unauthorized uses of content are facilitated in a digital environment
 - The inability to provide cutting-edge digital content to hockey enthusiasts as technology evolves can cost the League severely in terms of fan base and fan support
- If other sports leagues are able to provide technology-driven products to their fans that the League is not ready to produce, hockey's fan base may be eroded

| Traditional Content Outlets | Current/Future Content Outlets |
|--|--|
| <ul style="list-style-type: none"> • Print • Radio • Television | <ul style="list-style-type: none"> • Print • Radio • Television • Satellite • Narrowband Internet • Broadband Internet • Digital TV • Personal Digital Assistants • Wireless phones • Pagers |

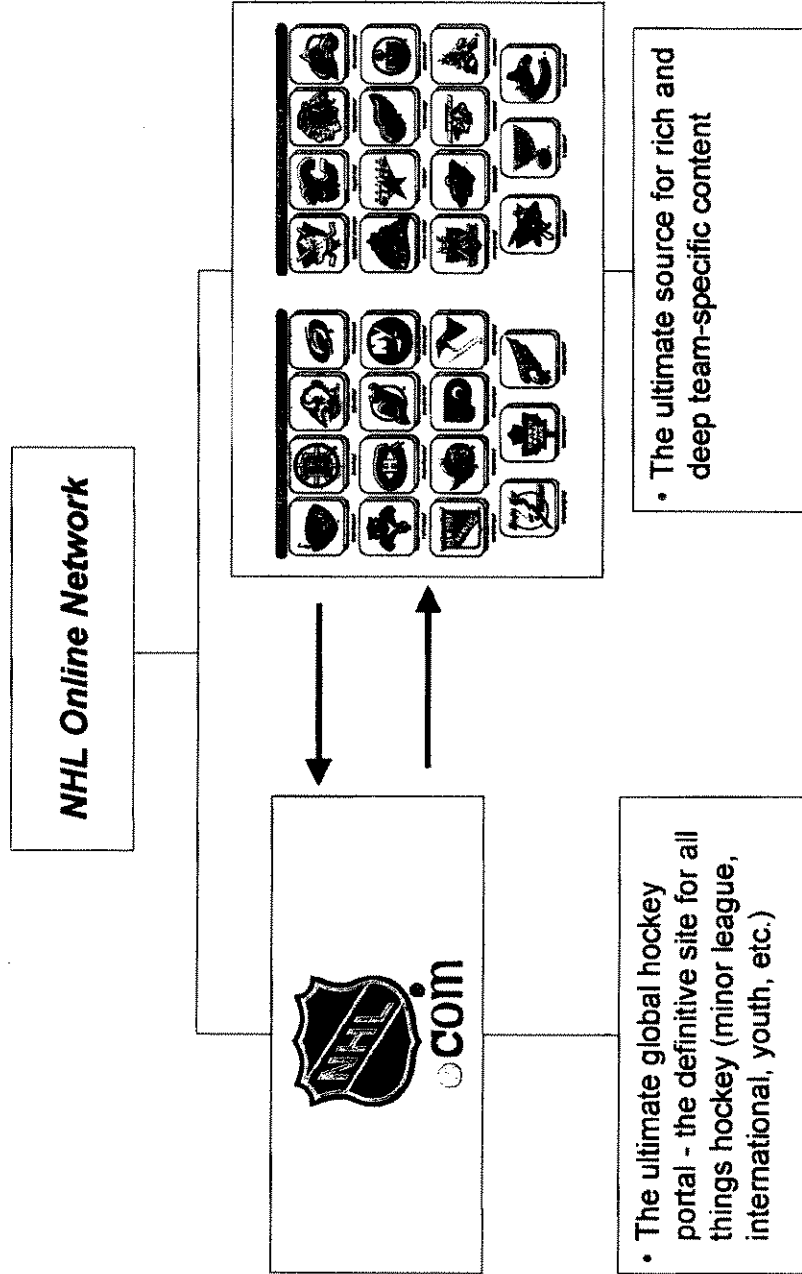
NHL ICE

Strategic Plan for NHL ICE

Overview of NHL Network - 31 Sites

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- The goal of the NHL Online Network is to be the biggest and most comprehensive source of hockey information and entertainment on the Internet

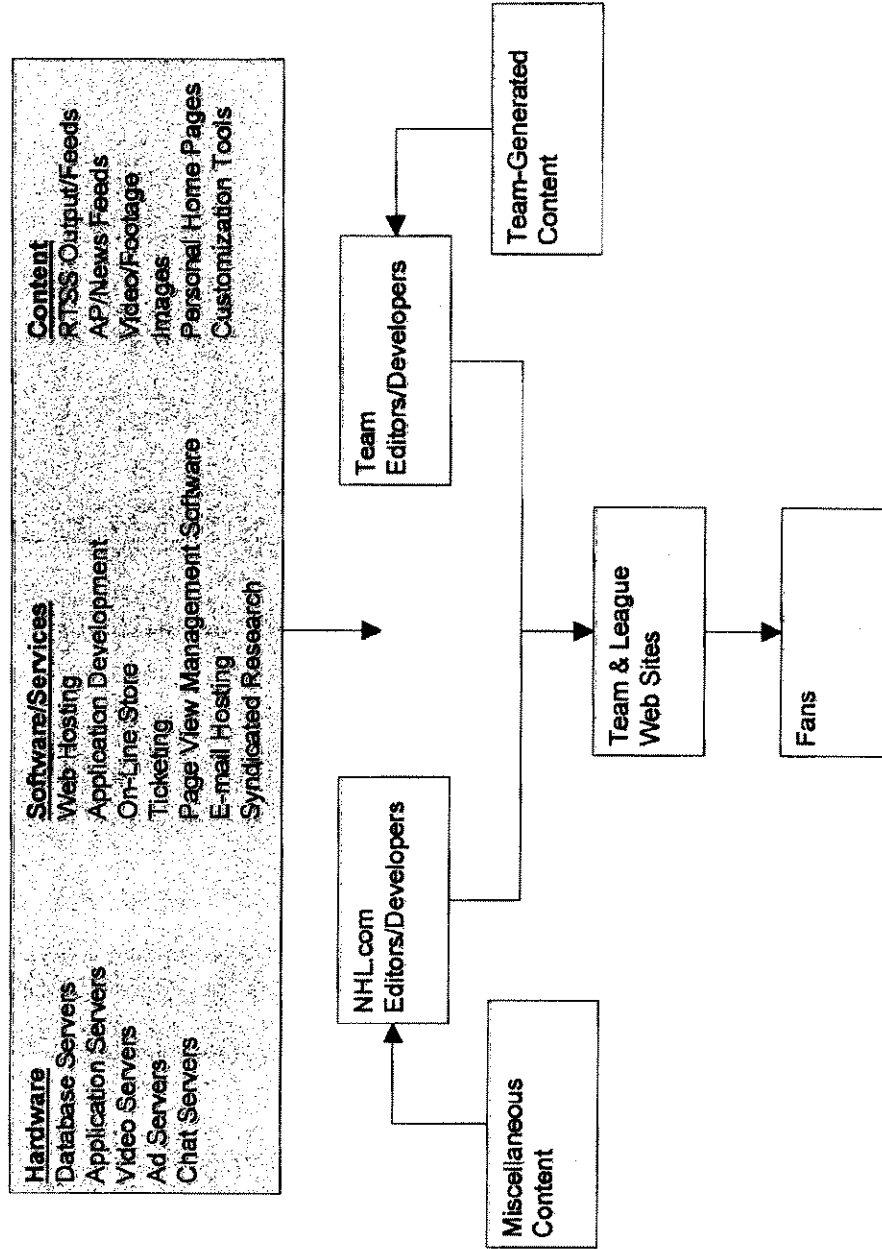


NHL ICE

Strategic Plan for NHL ICE

Proposed Network Structure

- By establishing standards for technology and content, a truly integrated 31 site network will be created
 - Operating efficiencies
 - Leverage resources



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NHL ICE**Strategic Plan for NHL ICE****Proposed Business Model**

- The economics of the proposed model provide ample opportunities and incentives at both the team and league level to generate revenue, while preserving the integrity of the overall network and existing NHL and team businesses

| Issue | NHL ICE Existing Model | NHL ICE Proposed Model |
|--|--|--|
| Advertising Revenue | | |
| - National advertising/sponsorships | Sold by the League Revenue kept at NHL.com | Same |
| - Local advertising/sponsorships | Sold by teams, subject to conflict management rules with respect to League sponsors Revenue retained by the teams | Teams to continue to sell local advertisements/sponsorships subject to exclusivity guidelines and assignment of 35% of team inventory (either in the form of rotating pro rata allocation or specific modules) |
| E-commerce | | |
| - Merchandising | Sold only through NHL.com store Team sites non-transactional | Same, with some team affiliate opportunities |
| - Auction/Authentics | Limited current offerings on NHL.com through relationship with Auctions.com | Team opportunity within League infrastructure |
| - Tickets | Each team makes its own ticketing decisions Revenue retained by the teams | Infrastructure must be put in place to enable all teams to sell tickets on the Internet. Whether this is done on a team basis or league basis will depend on a variety of factors, including existing contractual obligations of the teams |
| - Subscription/Premium Content | NHL Plus on NHL.com | NHL Plus and other paid content accessible on all sites in network Opportunity for clubs to create premium packages with their own locally developed team-specific content |
| Streaming | League grants limited rights to stream team-specific video and audio | All PPV rights remain at League level, directly accessible on the team site |
| Online Fantasy & Trivia Games | | Fantasy games remain League operated and controlled Team-specific trivia games can be operated at team level |

NHL ICE**Strategic Plan for NHL ICE**

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Proposed Business Model (continued)

- The proposed changes are designed to ensure certain minimum standards and create operating leverage across the network

| Issue | NHL ICE Existing Model | NHL ICE Proposed Model |
|------------------------|--|---|
| Site Management/Design | Each team makes its own site management and design decisions <ul style="list-style-type: none"> – in-house – third party ASPs – NHL ICE | Same, with League setting minimum standards and creating co-branded homepage |
| Technology | Each team makes its own technology decisions | Common technology platform and software tools (to be phased in over one year period) |
| Content | Each team makes its own content decisions | League will no longer produce team overview content that competes with team sites - no counter-programming Each team will be responsible for meeting certain minimum content requirements independently or in coordination with NHL ICE Teams have the flexibility to expand their content offerings as they see fit, subject to coordination with the League |
| Community Features | Each team makes its own community decisions | League to mandate certain minimum community features be offered on team sites, using prescribed tools (e.g., e-mail, customization, chat) |

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NHL ICE

Section 6

Financing Alternatives and Valuation Analysis

MORGAN STANLEY DEAN WITTER

NHL ICE**Financing Alternatives and Valuation Analysis**

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Valuation Drivers

- Three key factors drive valuation
- No single component can be considered in isolation from other factors

Components of Valuation

| Positioning | Financial Model | External Factors |
|---|---|--|
| <ul style="list-style-type: none"> • Market size • Market position • Business momentum • Business model • Management quality | <ul style="list-style-type: none"> • Quarterly momentum • Key inflection points • Milestones | <ul style="list-style-type: none"> • Comparable valuation • Timing • Market volatility • Track record of underwriter |

+

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NHL ICE

Financing Alternatives and Valuation Analysis

Valuation Methodologies

- High-growth IPO investors are using multiple valuation methodologies to triangulate to fair value
- Projected sales multiple
- Discounted equity value analysis
 - Applies a P/E ratio to company's first year of material net earnings
 - Resulting forward valuation discounted to the present
- Discounted cash flow analysis
- Comparable company analysis

NHL ICE**Financing Alternatives and Valuation Analysis**

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Potential Strategic/Technology Partners

- Choosing a partner that can provide broad operational and technical expertise (as well as financial resources) is the best way to "jump start" NHL ICE
- Subsequent fill-in partnerships/alliances could then be added

Potential Primary Strategic Partners

- AOL
- CBS Sportline
- Disney/ESPN
- Microsoft
- News Corp/Fox
- NBC/NBCi
- Vulcan Ventures
- Yahoo!

Potential Technology Partners

- Digitas
- iXL
- Oracle
- Razorfish
- Sapient
- Scient
- Viant

Potential "Fill-In" Partners

- Content
 - Broadband Sports
 - Global Sports
 - IMG
 - Quokka
 - Sportal Network
 - Total Sports
- Commerce
 - Amazon
 - Broadband Sports
 - eBay
 - Fog Dog
 - Ticketmaster Citysearch
 - Tickets.com

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NHL ICE

Appendix A


Screen Shots

THIN ICE

Screen Shots

Selected Screen Shots

NHL.com Homepage



GROUPS | WORLD GAME | TOP CENTRAL | FLOS | LAKE EUPHONY | FLOILED

GROUPS | WORLD GAME | TOP CENTRAL | FLOS | LAKE EUPHONY | FLOILED

GROUPS | WORLD GAME | TOP CENTRAL | FLOS | LAKE EUPHONY | FLOILED

GROUPS | WORLD GAME | TOP CENTRAL | FLOS | LAKE EUPHONY | FLOILED

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GROUPS | WORLD GAME | TOP CENTRAL | FLOS | LAKE EUPHONY | FLOILED

GROUPS | WORLD GAME | TOP CENTRAL | FLOS | LAKE EUPHONY | FLOILED

NHL ICE

Screen Shots

Selected Screen Shots

Schedule and Stats Pages

[illegible]

Screen Shots

Selected Screen Shots

Features Page

Enter the **POWERADE Training Camp Sweepstakes.**

THE OFFICIAL SITE OF THE NATIONAL HOCKEY LEAGUE

WINNERS: WORLD GAMES FINAL CENTRAL HUBS • LANCE BIRD • HOCKEY JOURNAL

1998-1999 LEAGUE

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NHL ICE

Screen Shots

Selected Screen Shots

St. Louis Blues

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FINANCING
Standings
Junior Cups

Dining
out with
Tyson

The Team

Statistics

Schedule

History

Gameday

Live Scoreboard

News Releases

Fanstuff

Publications

Polls

Forum

Chat

Kids

Gallery

GALLERIES

LIVE SCOREBOARD

STATISTICS

STANDINGS

NEW TEAMS

COM

Colorado

v

Gonchar's signed, game-worn skates

WARNING! Clicking here may result
in adrenaline rush.

PONTIAC

welcome to

BLUES

www.stlouishblues.com

17th Annual NHL Awards Show

Tomorrow Night, Thursday, June 15

The National Hockey League's annual award show, "A Celebration of Excellence," will honor some of the best in the NHL. The Blues will be well represented on Thursday's night with six of our players nominated in the seven award categories.

Pavel Demitri: Lady Byng Memorial Trophy

Chris Pronger: James Norris Memorial Trophy AND

Hart Memorial Trophy

Joel Ouellette: Jack Adams Award

Roman Turek: Vezina Trophy

**Blues
HotWire**

Click Here To
register for a free
members only
e-mail service

**BLUES
(GEAR)**

Click Here!

Get your official NHL
MasterCard credit card

Get your official NHL
MasterCard credit card

Dining
out with
Tyson

The Team

Statistics

Schedule

History

Gameday

Live Scoreboard

News Releases

Fanstuff

Publications

Polls

Forum

Chat

Kids

Gallery

Affiliates

Tickets

Kiel Center

Send us your

Comments

Powered By

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in adrenaline rush.

PONTIAC

welcome to

BLUES

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Joel Ouellette: Jack Adams Award

Roman Turek: Vezina Trophy

The 17th Annual Awards Show will be broadcast nationally in Canada on CBC and in the United States on ESPN 2 at 7 p.m. CT.

Full Story

Behind The Scenes At The NHL Awards Show

NHL Expansion Draft

Set For Friday, June 23

The 2000 NHL Expansion Draft will take place on Friday, June 23, at the Canadian Airlines Saddledome in

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| | | |
|--------|------------|------------|
| NHL | 1 | 2 |
| Dallas | New Jersey | Final (OT) |

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